

House Energy & Commerce Committee



Republicans

FOR IMMEDIATE RELEASE
Friday, July 27, 2007

CONTACT: Press office
202-225-3641

SCHIP Reauthorization Markup Highlights – Good, Bad & Ugly

What the committee didn't do. (Hint: Reauthorize SCHIP)

On Friday, Democrats objected when Ranking Member Joe Barton, R-Texas, asked for unanimous consent to stop the public reading of the Democratic bill and proceed to extend the SCHIP program for two months, allowing time for a legislative hearing and full committee debate well before the program would expire.

On Thursday and Friday, Democrats twice objected to Republican unanimous consent requests to halt reading of the Democratic bill in exchange for conducting a legislative hearing next week before finishing markup of the Democratic bill.

Democrats declined to propose SCHIP reauthorization on each of the 204 days since the Democratic majority elected U.S. Rep. Nancy Pelosi, D-Calif., as the new speaker. Instead, the Democratic majority postponed SCHIP reauthorization until an artificial public relations crisis could be created.

During those 204 days, Democrats have conducted a single subcommittee hearing on SCHIP, notwithstanding a claim that “seven hearings” were conducted on “related matters.”

Democrats formulated their SCHIP reauthorization bill in secret, declining to discuss it with Republicans until it was introduced.

Following the public unveiling of their bill on Tuesday at 27 minutes before midnight, the Democrats scheduled no hearing, legislative or otherwise, to consider opinions or facts from the administration, the states, or experts of any kind.

So the Democrats played it late, secret and nasty. Is their actual bill so very bad?

Yes it is, and thanks for asking. Here are some of the lowlights:

- The Democrats like to claim that their bill is about covering low-income children, but there are some very good reasons they hid this bill from the American public until around midnight on Tuesday and avoided having a single public hearing on their bill.
- The Democratic bill is one giant leap toward a Washington-controlled, bureaucrat-run healthcare for all. In fact, CBO states that under the Democratic bill, there will be more people enrolling in SCHIP and Medicaid because they lost their private insurance because of this proposal than currently uninsured people who will gain coverage.

- At least with HillaryCare, the Democrats had a public process so the American people could determine whether they wanted a government-run bureaucracy controlling their healthcare decisions or not.
- Unfortunately, the Democratic bill falls short and fails to address the loophole in current law that allows for income disregards, which allow some States to unfairly get more than their appropriate share of the SCHIP pot.
- The Democratic bill is massive – nearly a whole ream of paper – and SCHIP is less than a quarter of it, much less the focus. Odd, huh, how an SCHIP bill is mostly about other things?
- The Barton-Deal proposal enrolls just as many low-income children as the Democratic bill but for a fraction of the cost by being fiscally responsible with the taxpayers' hard-earned money.
- Because the Democratic bill fails to address the income-disregards loophole, under the Democrat bill a family of four making more than \$100,000 a year could qualify for SCHIP, and it is possible that a family with more than \$200,000 in annual income could also qualify for taxpayer subsidized healthcare. There simply are no limits to the financial irresponsibility of this bill.
- Not only does the Democrats' bill fail to limit the program to low-income children, it actually gives States financial incentives to cover middle-income and wealthy children.
- With the Democratic bill, the more individuals a States sign up – regardless of their income or legal eligibility – the more money a State would receive.
- The Democratic bill does nothing to limit waivers given to States that have allowed them to enroll hundred of thousands of adults, who are simply taking away limited resources from low-income, uninsured children.
- The Democratic bill does not have an annual authorization amount. Thus, the annual cost of the program could grow exponentially without any checks or balances. SCHIP is now the new runaway entitlement.
- The new coverage requirements on the States mean that it will cost more money than ever before to cover a child in SCHIP.
- Ready for a tax increase? A bill that scores \$50 billion will actually spend \$75 billion over the next five years, and in order for the Federal government to spend \$75 billion in SCHIP, States must first spend over \$32 billion in State funds. That means that the SCHIP portions of Democratic bill will actually cost the taxpayers over \$105 billion for FY08-FY12 and \$300 billion for FY08-FY17.
- CBO believes the SCHIP portion of the bill will cost federal taxpayers \$160 billion over the ten year budget window and that is without including the \$50 billion baseline.
- In addition to being bad for the economy, the Democratic bill is bad for healthcare providers as well. As Medicaid (a physician's worst payor) crowds out quality private insurance (a physician's best payor), doctors are left holding the bag and many will have to stop accepting Medicaid.
- Most States are already experiencing significant problems finding enough physicians to accept their current Medicaid caseloads. The Democratic bill will only serve to further exasperate this problem. Having coverage is one thing; finding a doctor that will accept your coverage is another.

The Barton-Deal SCHIP Reauthorization – what’s right about it?

- **It Targets Coverage to Low-Income Children** – To prevent States from continually overspending their annual SCHIP allotments, States are required to demonstrate how their SCHIP eligibility criteria and benefits package will allow their annual funding allotment to cover *at least* 90% of the SCHIP eligible children and pregnant women in the State.
 - To encourage States to actually focus their resources on the target populations of SCHIP, Federal funding for new enrollees would be strictly limited to services provided to children and pregnant women with household incomes under 200% of the Federal Poverty Level until the State has enrolled at least 90% of the SCHIP and Medicaid eligible beneficiaries under 200% of FPL.
 - **Closes the Income-Disregard Loophole** – To ensure that all citizens are treated equally and to avoid States from taking advantage of loopholes in the current law, the Secretary is required to develop a national set of income disregards.
 - **Requires Citizenship to be verified** – It is currently against the law for illegal immigrants to receive federal welfare benefits. Limited SCHIP dollar should be reserved for U.S. citizens. We build upon the success of the DRA policy of requiring proof of citizenship before enrollment into federally funded entitlements by applying this requirement to all SCHIP beneficiaries.
 - **SCHIP is for the needy** – Medicaid, SCHIP does not currently have an asset test, meaning that millionaires can be eligible for SCHIP. The Barton-Deal bill will correct this problem by prohibiting anyone with net assets above \$500,000 from being eligible for SCHIP.
 - **Individual choice in health care** – The Barton-Deal SCHIP bill helps shift needy individuals away from ineffective and inefficient government-run healthcare bureaucracies by requiring States to provide beneficiaries with the option of premium assistance for employer sponsored insurance or other coverage options on the private market. Our bill gives individuals the option to purchase the healthcare plan that best fits the needs of their family, and gives States the flexibility they need in order to be able to provide these options.
 - The Barton-Deal bill will ensure that all States have enough funding to cover all of their eligible children and pregnant women under 200% of the FPL. A State’s annual allotment shall equal the State-specific SCHIP reimbursement rate multiplied by the national per capita expenditure for SCHIP multiplied by number of eligible children and pregnant women with incomes between the lesser of the Medicaid eligibility level or 150% FPL and 200% FPL.
 - **The C in SCHIP is for Children** – The Barton-Deal SCHIP bill addresses the problem of adults on SCHIP by prohibiting federal SCHIP dollars from going to adults beginning in FY09 and by prohibiting the Secretary from approving any new waiver, experimental pilot, or demonstration project that allows Federal SCHIP funds to be used to provide benefits to adults. Adults who are needy should be on Medicaid and should not be allowed to take limited resources away from children.
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Facts about ‘income disregards’

- States use a mechanism to allow for “income disregards” to include a wider breadth of enrollees into SCHIP and Medicaid programs.
- Income disregards are a way for States to create a fiction.
- States have an incentive to use these income disregards to pump up their allotments from the Federal government and expand eligibility levels.
- Income disregards vary from child care, home health care, and car payments.
- Some states are choosing to ignore large portions of actual income. Some states are ignoring all income from 200% of poverty to 350% of poverty. So someone who makes 350% of the federal poverty level is treated as making 200% for purposes of SCHIP eligibility.
- This is the loophole that has allowed states to expand SCHIP populations beyond the original intent of the law.
- Capping the eligibility level at a certain percentage of the Federal Poverty Level and not addressing income disregards provides an obvious and often-used loophole for states to cover any level of income.
- The Democrats’ proposal perpetuates and amplifies this loophole allowing states to disregard of income levels entirely so states can boost SCHIP spending to even higher income categories.
- Under the Democrats’ bill, a state could ignore all income between 200 percent and 600% of poverty. A family four with income above \$125,000 a year could qualify for a health insurance program for low income children.
- The Democrats’ bill will have the federal government pay for these expanded populations.
- The Democrats claim this bill is designed to cover low income children but the income disregard loophole is their giant leap toward nationalized health insurance.

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House Energy & Commerce Committee



Republicans

FOR IMMEDIATE RELEASE

Friday, July 27, 2007

CONTACT: Press office

202-225-3641

What We Found When We Read Their Child's Health Plan: Cutting Medicare to Fund Welfare for Wealthy Adults

'It's hard to believe even the Democrats know what's in their midnight express bill'

WASHINGTON – Cuts to the Medicare Advantage program proposed by House Democrats amount to \$2.8 billion and Medicare patients in every district of every Democrat and every Republican on the House Energy and Commerce will be losers, according to an analysis by the Republican committee.

“Cutting senior citizens on Medicare in order to put adults making dream salaries into a poor children’s health program is embarrassing, and I can see why some of the Democrats want to stop reading and start voting.”

“This bill was conceived in secret and dropped on us 24 minutes before midnight on a Tuesday, and now we know why,” said U.S. Rep. Joe Barton, R-Texas, the committee’s ranking member.

“It’s hard to believe that even the Democrats know what’s in their midnight express legislation,” he said, “because it’s even harder to believe that they condone cutting senior citizens enrolled in the Medicare Advantage by billions of dollars. We’re taking our time to read the bill because the more we read, the more we discover. We urge the Democrats to read their bill and discover the landmines buried there, too.”

“We should not have to choose between seniors and children,” said U.S. Rep. Tim Murphy, R-Pa., co-chair of the 21st Century Healthcare Caucus. “More than 67,200 seniors in my district alone will have their benefits cut because this legislation fails to focus on real healthcare reform. Reducing medication errors, eliminating infections, and other patient safety measures would save billions of dollars each year and no seniors would have to lose their benefits.”

Medicare cuts contained in the Democrats’ midnight express edition of the State Children’s Health Insurance Program are as high as \$4,774 per patient in Cannon County, part of the 6th Congressional District of Tennessee.

“I supported the original intent of SCHIP to cover moderate-to-low income children at 200 percent of the federal poverty level, but this bill has completely strayed from the original intent in a move toward a universal, government-run health care system,” said Republican U.S. Rep. Marsha Blackburn of Tennessee’s 7th Congressional District. “Hold onto your wallet because this committee is on a spending frenzy at the expense of our nation’s seniors.”

Medicare recipients stand to lose more than \$4,000 each in two counties in the 5th Congressional District of Oregon, and patients in the 3rd Congressional District of Louisiana will lose more than \$6,000 in coverage in St. James Parish.

“In my own district, the Democratic cuts to Medicare Advantage will cost patients \$3,536,459,” added Barton. “Democrats say they don’t understand why we’re reading the bill out loud. Some seem to be embarrassed by their bill. This is why, and it’s why they should listen, too.”

[Link to Medicare Advantage Cuts Spreadsheet](#)

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House Energy & Commerce Committee



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Friday, July 27, 2007

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...On Second Reading

NOW:

Congress Daily AM, Friday, July 27, 2007
"SCHIP Bills Run Into Parliamentary And Pay/Go Roadblocks"

"Democratic aides noted that when in the minority, Democrats never forced clerks to read the bill."

THEN:

The Washington Times, Nov. 3, 1995
"Democrat forces panel to take time to listen: GOP Superfund reform bill delayed"

Illustration: Photo, House Commerce Committee clerk Marie Burns takes a turn reading the 233-page Democratic bill., By Peter A. Harris/The Washington Times

Republicans on a House Commerce subcommittee had intended to put the finishing touches on their reform of the Superfund environmental cleanup bill yesterday but instead found themselves enmeshed in what one called a "toxic waste of time." Democrats on the panel, outraged at what they say is a Republican rush to pass flawed reforms, engaged in something of a parliamentary temper tantrum: Rep. John D. Dingell, the Commerce Committee's ranking Democrat, pressed for the full reading of last year's Superfund reform bill - all 233 pages.

Hour after hour, committee clerks dutifully read aloud every mind-numbing clause. For most everyone else in the room, newspapers were the reading material of choice. Even Mr. Dingell, the artful obstructionist, lazily thumbed through the morning papers. ... By early afternoon, armed with a supply of hard candy and throat lozenges, the clerks had reached Page 138. Mr. Dingell finally relented and allowed the panel to dispense with the reading.

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FOR IMMEDIATE RELEASE
Thursday, July 26, 2007

CONTACT: Press office
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Barton on SCHIP: \$100 Billion For Rationed Health Care? Vote No

'Republicans want what we've always wanted – a reasonable program that covers needy kids first. We know what constitutes a poor, sick child and we know what constitutes a voting age, middle class adult, and we know the difference. Our proposal will make the program everything it was intended to be when we created it, but without any of the politics. We will cover poor, sick kids, not adults pretending to be children and not families making over \$100,000 a year.'

WASHINGTON – U.S. Rep. Joe Barton, R-Texas, ranking member of the House Energy and Commerce Committee, issued the following statement today as part of a Full Committee markup on the Melanie Blocker-Stokes Postpartum Depression Research and Care Act, the ALS Registry Act, the Vision Care for Kids Act of 2007, and the "Children's Health and Medicare Protection (CHAMP) Act of 2007":

"Thank you, Mr. Chairman.

"I would like to start by saying I fully support reauthorizing the State Children's Health Insurance Program, and we must do it in a timely manner. If we do not act by September 30,th then 12 states will be left without funds to pay for their eligible populations' health care costs. We must and should act.

"However, we should ensure that this program is covering the population it was intended to serve. When the Republican Congress conceived and passed SCHIP in 1997, the program was designed for low-income children in families who made too much money to be on Medicaid, but were still below 200 percent of the poverty level, which equates to an income of \$43,000 for a family of four.

"Some states have begun to expand the program to adults and children who are hardly needy, much less poor, and leaving the poor and needy behind. The Republicans want what we've always wanted – a reasonable program that covers needy kids first. We know what constitutes a poor, sick child and we know what constitutes a voting age, middle class adult, and we know the difference. Our proposal will make the program everything it was intended to be when we created it, but without any of the politics. We will cover poor, sick kids, not adults pretending to be children and not families making more than \$100,000 a year.

"Regrettably, that's not likely to be the path this committee takes today. The Democratic bill before us is the kind of government-run health care intended to win votes, but will only end up doing was government-run universal health care systems do best – putting patients in lines, rationing care and spreading misery.

"So how did a needed reauthorization of the State Children's Health Insurance Program turn into the next coming of Hillary Care? The majority thought when no one was watching they would force through a bill that provides government health care to those eligible to pay the alternative minimum tax by making increasing taxes and cutting benefits for seniors.

- more -

Backroom deals, midnight processes

“Usually a committee process is designed to allow for a full public debate of controversial and ill conceived proposals like this. However, the majority decided to proceed without any regular process and produce a backroom deal written by a few insiders.

“The bill language we are marking up today was not provided to Republicans until less than 36 hours ago, sent in the middle of the night after everyone had gone home. There has been no legislative hearing, no subcommittee markup, and no flow of information. We are members of one of the most powerful committees in the House, yet partisan tactics have undermined the ability of the Energy and Commerce Committee to authorize.

“Let me reiterate, Mr. Chairman, how disappointed I am in the lack of a deliberative legislative process. I can attest for our side of the aisle that we take SCHIP reauthorization seriously and would like to have been able to have the opportunity to carefully consider the legislation before us today.

“This haphazard manner in which we are considering the legislation today trivializes the importance of these issues. The bill we are considering today will, in large part, help to shape the future of America’s healthcare delivery system. The last time the Democrats tried a government take over of health care at least they had a process. In 1993, the Hillary Care proposal was developed, presented in public, and we had hearings. When the American people were offered the choice between individual choice and bureaucratic run health care, the people choose individual choice.

“The Democrats said they learned from their mistakes the last time they held power. Most people would think that lesson was that American people value their private health care options and we should look for ways to expand access to these options. Unfortunately, the Democrats lesson was that if they are going to socialize medicine they should do it in the dead of the night so the American people don’t know.

“That is not the way this Congress should be run, and it is not the way this committee should be run. It certainly was not that way when Republicans were in control. Democrats promised a more open and transparent legislative process. They have failed to live up to that promise. In the backrooms of Congress with no public hearings, the Democratic majority has written a bill that would dramatically expand government run health care. They would pass a bill that allows a family making more than \$100,000 a year to qualify for a program designed for low income children. They say they are targeting coverage for children but this bill allows adults to continue to receive coverage through the Children’s Health Insurance Program.

“It is no wonder this bill has not had a public airing. It should not be surprising that they dropped the bill in the dead of the night. Their rhetoric does not match their policies. Since the American people rejected bureaucratic rationed medicine in 1993, the Democrats decided they would attempt to pass this once rejected policy now without being forthcoming with the American people about what their legislation actually does.

“Will we slide further toward Washington-controlled, bureaucrat-run healthcare or will we have the courage to go with the Republican vision of a patient-choice based healthcare system where government helps to organize our healthcare system and consumers are empowered to control it?

Higher taxes, less choice

“I often hear those on the other side of the aisle advocate for simply expanding the existing eligibility criteria for government-run health care programs like Medicare and Medicaid in order to provide coverage for more of the uninsured. The answer to the uninsured is not to give them more government bureaucracy instead of more actual health care. Moreover, these proposals are highly inefficient and would unnecessarily burden American taxpayers with hundreds of billions of dollars in additional government expenditures each year. And what would we get in return for all of this additional government spending? Probably not much more than higher tax bills, less patient choice, and a mind-numbing level of bureaucratic inefficiency. As any provider will attest, Medicaid is a notoriously bad payer for services often paying less than half the rate of a traditional Blue Cross plan. Government-run healthcare programs like Medicaid are bad for patients and bad for providers.

“The *Wall Street Journal* recently ran an article demonstrating the difficulties that Medicaid and SCHIP patients have in finding a physician in their area. Those problems don’t exist in the private sector. Poor, sick children should have the same choices that the rest of us have, not be forced into a government bureaucracy where you have to drive 100 miles to see a doctor.

“The bill before us today also seeks to limit the choices that our country’s seniors have. Millions of our seniors will have their choices in health care coverage sharply restricted. For over 8 million Medicare beneficiaries, the health care coverage of choice is a Medicare Advantage plan. This bill disproportionately harms rural and low-income Medicare beneficiaries in particular since it cuts payments in these areas so drastically that plans will be driven out of these markets.

“If all this sounds familiar, it’s because this is history repeating itself. I remember what we experienced in the late ’90s and early part of this decade. I remember constituents being unable to access what was then called Medicare+Choice and their extreme unhappiness at losing this important option. We once again gave seniors the choice of one of these plans by the changes we made under the Medicare Modernization Act. These changes to the Medicare Advantage program caused a proliferation of plan choices made available in all parts of this country, including rural and low income areas. The kind of cut that the Democrats expect the Medicare Advantage program to take will obliterate the benefit. Again, no wonder the Democrats kept this bill away from the public eye. It is hard to explain to seniors why you are cutting their benefits.

“These plans are an important option for low-income and minority beneficiaries – 57 percent of enrolled beneficiaries have incomes less than \$30,000. These plans can reduce cost-sharing relative to traditional Medicare. These plans also offer better access to care – more than 80 percent of plans provide coverage for hospital stays beyond the traditional Medicare benefit, and more than 75 percent cover routine eye and hearing tests. More than 98 percent of beneficiaries can enroll in a plan offering preventive dental benefits.

“I’ve seen the huge enrollment numbers in the Medicare Advantage program and they attest to the high levels of satisfaction that seniors have with those plans. I am dumbfounded that my friends on the other side of the aisle would jeopardize the welfare of their constituents who are happily enrolled and receiving benefits in these plans. I look forward to hearing my Democratic colleagues explain the loss of Medicare Advantage for close to 2 million Medicare Advantage beneficiaries in their districts.

No hearing, no kidding

“Democrats on this committee used to pine for legislative hearings on all bills. How things have changed. Now they want to consider the most important health legislation this Congress without a single legislative hearing. I just hope this level of disregard for the input of other elected members of Congress and the public as a whole does not continue in the future.

“When you try to rush a bill through committee and quickly onto the floor, the American people often rightly wonder what it is you are hiding from them. Well, Mr. Chairman, I hope that during this markup that we will indeed be able to find out what is in this bill and why it that has been kept such a secret from us. I look forward to your staff explaining many of the details of the policies that will directly affect the lives of thousands of children that we represent, and justifying why no outside experts were needed to review this legislation at a public hearing.

“Mr. Chairman, this bill spends more than \$100 billion of the taxpayers’ money. A bill of this magnitude deserves a public process. I support reauthorizing the SCHIP program, and we must do so before September 30th. However, the Democratic majority is using reauthorization of SCHIP to destroy the private health insurance market and dump Americans into government-run, rationed care, and everybody here knows it.

“I urge all my colleagues to vote against this bill, and I hope in the near future we can sit down and draft a reasonable SCHIP policy with the majority.”

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House Energy & Commerce Committee



Republicans

FOR IMMEDIATE RELEASE
Thursday, July 26, 2007

CONTACT: Press office (Barton) 202-225-3641
Press office (McCrery) 202-226-4774

Barton, McCrery Seek Bipartisanship on SCHIP

‘Do it the right way’

WASHINGTON – U.S. Reps. Joe Barton, R-Texas, and Jim McCrery, R-La., last night sent a letter to Energy and Commerce Committee Chairman John Dingell, D-Mich., and Ways and Means Committee Chairman Charlie Rangel, D-N.Y., offering to work with the two leaders on pending SCHIP legislation.

“Our committees should stop and consider what we are doing, and the way we are doing it,” wrote Barton and McCrery, ranking members on the Energy and Commerce and Ways and Means committees, respectively. “We request the normal legislative hearings be held on this proposal ... to help members of both parties fully grasp the implications of the proposal to children, to all of our constituents, and to the taxpayers who will finance it. Members are attempting to learn the details of this important proposal right now, and a hearing will provide a fair and honest opportunity to do it and do it the right way.”

[Link to Letter to Dingell, Rangel](#)

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U.S. House of Representatives
Committee on Energy and Commerce
Room 2125, Rayburn House Office Building
Washington, DC 20515-6115

July 25, 2007

The Honorable John D. Dingell
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Dingell and Chairman Rangel:

Improving the State Children's Health Insurance Program (SCHIP) is important, and a bipartisan effort under your leadership, as Chairmen of the committees of jurisdiction, is the best way to do it. Needy, sick children are not Democrats or Republicans, they're just young people who need our help.

We urge you in the strongest terms to at least attempt to reach bipartisan consensus before using children's health to achieve partisan political advantage.

As you know, not only has no effort been made at bipartisanship on the substance of the legislation, almost no effort has been attempted even on legislative procedure. An Energy and Commerce Committee markup was scheduled today, first at 10:00 a.m. then at 4 p.m., but we did not receive the proposed markup vehicle until 11:33 p.m. Sixteen hours and twenty-seven minutes is hardly an appropriate amount of time to read, digest and attempt to improve over 400 pages of evolving legislative text, especially in a bill that proposes to cut public health programs like Medicare Advantage and reimbursement for skilled nursing and long-term care for seniors, and which funds the program through a dramatic increase of the tobacco tax.

Our committees should stop and consider what we are doing, and the way we are doing it. We request the normal legislative hearings be held on this proposal, in both the Committee on Energy and Commerce and the Committee on Ways and Means, to help

The Honorable John D. Dingell
The Honorable Charles B. Rangel
Page 2

Members of both parties fully grasp the implications of the proposal to children, to all of our constituents, and to the taxpayers who will finance it. Members are attempting to learn the details of this important proposal right now, and a hearing will provide a fair and honest opportunity to do it and do it the right way.

We are prepared to reach across the aisle to build a bipartisan support for a good bill, and encourage you both to do the same.

Sincerely,



Joe Barton
Ranking Member
Committee on Energy and Commerce



Jim McCrery
Ranking Member
Committee on Ways and Means

House Energy & Commerce Committee



Republicans

FOR IMMEDIATE RELEASE
Wednesday, July 25, 2007

CONTACT: Press office
202-225-3641

Barton News Conference on Children's Health

SCHIP is for Children and Needs Reauthorization

WASHINGTON – U.S. Rep. Joe Barton, R-Texas, ranking member of the House Energy and Commerce Committee, today introduced an SCHIP reauthorization bill with U.S. Rep. Nathan Deal, R-Ga., and ranking member of the Energy and Commerce Health Subcommittee.

[Link to Barton-Deal SCHIP Reauthorization Bill](#)

[Link to Fact Sheet on Barton-Deal SCHIP Reauthorization](#)

Barton made the following comments during a press conference to unveil the SCHIP plan:

“I’m Joe Barton, ranking member on the Energy and Commerce Committee. Back in 1998, we created a program – we, the Congress, and later President Clinton – called SCHIP, which is State Children’s Health Insurance Program. We authorized it for ten years, \$4 billion a year. The program has been a large success.

“There are fewer than 1 million uninsured children in the United States between the 100 percent of poverty, which Medicaid covers, and 200 percent of poverty, which is the official poverty line for SCHIP. That’s out of 78 million children.

“This program is set to expire on September 30th of this year and Republicans in the House feel very strongly that the program is a good program. It needs to be reauthorized. We also think, though, that it needs to be redirected back to its original intent, which is for children who are above the poverty line but below the 200 percent of poverty. They are the people SCHIP was intended to help.

“The bill we are going to introduce as soon as this press conference is over does a number of things. It does reauthorize the program for another five years. It does say that only children can be covered, so we end what I think is an unfortunate situation where some states are covering adults. We limit the coverage to 200 percent or less of poverty. We give an incentive to states to cover all their children. Once they get over 90 percent, we create an incentive, some additional money up to 250 percent of the federal poverty limit.

One hearing, operating in the dark, breaking the rules

“The Democrats have been talking since January about how much they wanted to work with us to reauthorize this program. I’m not sure what they have done in the Ways and Means Committee, but in the Energy and Commerce Committee, I believe we had one general hearing in Mr. Pallone’s subcommittee.

“They are violating the rules of the committee in the way they are operating. We finally got the bill at 11:30 last night. Staff has been spending most of the night and this morning reading the bill. The markup is supposed to start at 4 this afternoon. We will put our bill in play. We plan to offer it as a substitute at some point in time during the proceedings. We reserve the right to offer it on the floor.

“We have worked very hard. Nathan Deal, ranking member of the Health Subcommittee, has led an effort to reach out to the stakeholders and the Republican members on the subcommittee and to some extent the full committee. So, we think we have a very good work product.

Cost?

“We think our bill is going to cost, we don’t yet have a CBO score yet, but we think our bill is going to cost \$6 billion to \$7 billion per year, including the baseline. It will be a slight increase over the baseline. We are working on some offsets with Mr. McCrery and the Republicans on Ways and Means, but we think we will be able easily to pay for it. We will not have a cigarette tax increase.

“I’m not saying this will be the mechanism, but an example of something that we are looking at is requiring electronic filing of prescriptions. There are numbers out there that suggest we could save as much as \$3 billion a year. That one thing would cover what we are trying to do.

No legislative hearing, no subcommittee markup

Procedure?

“You’ll have to ask Chairman Dingell. Chairman Dingell is the one who made the decision to send over the bill after everybody had gone home. He’s the one who has chosen to ignore the 36-hour notice requirement. He’s the one who’s chosen not to have a subcommittee markup. He’s the one who’s chosen not to have a legislative hearing. He and Ms. Pelosi are the ones who are trying to cram this down the throats of the American people. We are reserving every option we have under the rules, and we just pray that they honor the rules that they passed at the start of this Congress.

Goals?

“We want to reauthorize SCHIP. There are a number of states that, if the program is not reauthorized by September 30th, can’t cover children. That’s not a good outcome. We want to reauthorize. The first conversation that Mr. Dingell and I had the day after the election, one of the issues both he and I put on the table was SCHIP reauthorization. Now we’ve got a week before we break for August, and you literally have a bill thrown over the transom right before midnight that’s 400 to 500 pages long. Earlier this week, he said he hoped he could get it marked up in a couple of hours this afternoon. It’s hard to respond rationally to that.

Long night ahead?

“He’s the one who has the gavel. I’m reserving every option the minority has.

‘We’re trying to get every child under 200 percent of poverty covered’

“Woodworking effect?”

“States cover SCHIP kids in different ways. Some states cover them under their Medicaid program. Some states have a separate SCHIP program. In states that have a separate program, there might be a slightly different package for Medicaid versus SCHIP, but we’re trying to do is get every child in America that is under 200 percent of poverty covered.

“If your family is between Medicaid eligibility and 200 percent of poverty and you have a current plan with one of the parents working, we allow the SCHIP dollars for that child to be used for premium assistance on the plan that the parents already have. On average, most states cover about 70 percent of their eligible children. If there’s something we need to do in the states that have a separate Medicaid package versus SCHIP, we will try to fix that.”

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July 27, 2007

COMMENTARY

Insurance Folly

By **JOHN C. GOODMAN**

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The State Children's Health Insurance Program (Schip) was originally a Republican program to provide health insurance to children in near-poor families who did not qualify for Medicaid. Democrats now want to expand Schip to children of the middle class.

Their efforts to do so are rightly being resisted by the White House, but Senate Finance Committee Republicans have already caved on an unwise compromise to make more people eligible for Schip.

On the surface, congressional Democrats appear to be rescuing children from the scourge of uninsurance. The reality is quite different. If they get their way, millions of children will have less access to health care than they do today, and the same will surprisingly be true for many low-income seniors.

Studies by MIT economist Jonathan Gruber show that public insurance substitutes for private insurance and the crowd-out rate is high. In general, for every extra dollar spent on Medicaid, private insurance contracts by 50 cents to 75 cents. For Schip, depending on how it is implemented, private insurance could contract by about 60 cents.


These findings make sense. Why pay for something if the government offers it for free? Under congressional proposals to expand Schip, the crowd out would likely be much worse. The reason: Almost all the newly eligible beneficiaries already have insurance.

The Senate bill would expand the eligibility for coverage under Schip to families with incomes 300% above the federal poverty level (\$62,000), from its present ceiling, 200% above the poverty level. House Democrats want to push coverage to 400% (\$83,000 annual income).

Yet almost eight of every 10 children whose parents earn from 200%-300% more than the poverty level already have private health-care coverage, according to the Congressional Budget office (CBO). At incomes between 300% and 400% more than poverty, nine of every 10 children are already insured.

What about the eight to nine million children currently uninsured? Nearly 75% of them are already eligible for Medicaid or Schip, according to the CBO. So the main result of the Democrats' proposal to expand Schip will be to shift middle-class children from private to public plans.

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Why is that bad? One reason is that most Schip programs pay doctors at Medicaid rates -- rates so low that Medicaid patients are having increasing difficulty getting access to health care. Anecdotal evidence suggests that U.S. Medicaid patients already must wait as long for specialist care and hospital surgery as in Canada.

Many doctors won't see Medicaid patients. Among those that do, many will not accept new patients. As a result, children who lose private coverage and enroll in Schip are likely to get less care, not more.

There is also the issue of who exactly will be covered. Republicans want to restrict Schip to children. The Democrats want adults covered as well. Even under the current system, children's health insurance is increasingly a ruse to cover adults. Minnesota spends 61% of Schip funds on adults. Wisconsin spends 75%.

Seniors will suffer from Schip expansion too. When millions shift from private to public coverage, not much happens to the overall rate of uninsurance. But the government's cost soars. Where's the money to come from? One idea popular with some House Democrats is to reduce federal payments to Medicare Advantage plans. These plans provide comprehensive coverage to low-income seniors who can't afford supplemental insurance to fill all the gaps in Medicare. One in five seniors has enrolled in these plans and one in four of those is a minority. In the House of Representatives, health care for this group is a great risk.

The proposal to expand Schip comes at a time when health-care spending already poses a serious threat to the federal budget. The Medicare trustees tell us that the program's unfunded liability is six times that of Social Security. The CBO predicts that on the current course, income tax rates paid by the middle class will reach 66% by midcentury and the top marginal rate will reach 92%.

So what do congressional Democrats plan to do about this problem? Ignore it.

A key provision of the 2003 Medicare Modernization Act says that when Medicare's finances deteriorate to a certain level (that level is already reached), the president must propose an appropriate reform and Congress must fast-track the proposal. Yet one senior Democratic legislator -- as yet unidentified -- wants the Schip bill to repeal that provision.

In a way, repeal makes a certain sense. If the ship is going down anyway, why spoil the fun?

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